



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 29, 2000

Microenterprise for Self-Reliance Act of 2000

*As ordered reported by the Senate Committee on Foreign Relations
on June 28, 2000*

SUMMARY

The Microenterprise for Self-Reliance Act of 2000 would authorize grants and loans to capitalize institutions that would make very small loans to the poor in developing countries. It also would authorize training and technical assistance to customers and managers of such institutions. In addition, the bill would create a loan facility that would offer subsidized loans to such institutions should they face bankruptcy due to natural disasters, wars, or severe financial crisis. CBO estimates that appropriation of the authorized amounts would result in additional outlays of \$145 million over the next five years. Because the bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

BASIS OF ESTIMATE

Under current law, the Administration provides grants and loans to small-scale financial institutions through several different programs. The bill would authorize appropriations of \$150 million in 2001 for grant assistance. The bill would authorize a program of micro- and small-enterprise credits, though it does not specify a funding level. CBO assumes that the credit program would continue at the current funding level of \$2 million for administrative costs and credit subsidies in 2001.

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Microenterprise Grants and Loans						
Budget Authority ^a	140	0	0	0	0	0
Estimated Outlays	130	126	50	28	18	12
Proposed Changes						
Estimated Authorization Level	0	157	0	0	0	0
Estimated Outlays	0	12	87	28	11	7
Spending Under the Bill for Microenterprise Grants and Loans						
Estimated Authorization Level ^a	140	157	0	0	0	0
Estimated Outlays	130	138	137	55	29	18

a. The 2000 level is the amount appropriated for that year.

The bill would also create a new loan facility to assist U.S.-sponsored, microfinance institutions that face bankruptcy due to natural disaster, war, or severe national financial crisis. It would authorize up to \$5 million for the cost of subsidized loans in 2001.

CBO estimates that outlays from the bill's authorizations would total \$145 million over the 2001-2005 period, assuming appropriation of the necessary amounts and historical spending patterns.

PAY-AS-YOU-GO CONSIDERATIONS: None.

PREVIOUS CBO ESTIMATE

On April 6, 2000, CBO transmitted a cost estimate for S. 2382, the Technical Assistance, Trade Promotion, and Anti-Corruption Act of 2000. This bill contains a subset of the provisions in the earlier bill, and the cost estimates for those provisions are the same.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The Microenterprise for Self-Reliance Act of 2000 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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